

87 JUN 1960

**CLASSIFICATION**

**INFORMATION REPORT**  
**OFFICE OF NAVAL INTELLIGENCE**

**SERIAL NO.**

DATE OF INFORMATION

15 June 1960

OPNAV FORM 3859-2 (REV. 2-89)

B-70-S-60

DATE OF REPORT

20 June 1960

## EVALUATION

REQUEST NO.

FROM  
CINCUSNAVEUR REP BERLIN

**SOURCE**

SUBJECT

**EAST GERMANY/**Present political and economic situation.

BRIEF (FOR REPORTS OF MORE THAN ONE PAGE, ENTER CAREFUL SUMMARY)

1. The present situation in the Soviet Zone of Germany:

a. The mood of the population of the Soviet Zone of Germany:

The SED had set in motion an immense propaganda campaign to make the people aware of the great gains the Soviet Zone expected to receive as a result of the scheduled Summit Conference. This propaganda was, as usual, disregarded by the greater part of the people of the Soviet Zone. In spite of this general skepticism of the people the severest skeptics were surprised at the results of the Paris proceedings. This surprise was particularly evident after the announcement was received that Khrushchev would visit East Berlin after his departure from Paris. There was immediate apprehension of a separate peace treaty being signed with the Soviet Zone. Dignitaries of the SED had passed the word to some party members and also let rumors out to the effect that during his visit to East Berlin Khrushchev would announce a separate peace treaty for the Soviet Zone. Even on the way to the Khrushchev rally at the Seelinderhalle, the specially invited SED functionaries were still convinced that Khrushchev would announce the separate peace treaty. Just one half hour before the rally it became known that no separate peace treaty would be offered to the East Germans. The SED decided they would not attempt to insist upon a separate treaty after the "no separate treaty at this time" word was promulgated by the Russians.

52 JUL 15 1960

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# INFORMATION REPORT

OPNAV FORM 3820-2 (C) (REV. 4-55)

CLASSIFICATION	FROM	REPORT NO.	DATE
	CINCUSNAVEUR REP BERLIN	B-70-S-60	20 June 1960

The people of the Soviet Zone were pleasantly surprised when Chrushtchev declared that nothing would happen which would change the status of Berlin for at least six to eight months. This meant to the people of the Soviet Zone that there would once again be a certain time period of political calm in West Berlin. It was also quite evident to the people of the Soviet Zone that there was quite a discrepancy between the propaganda uproar which issued from the SED, and which was characterized by Ulbricht's demands for an immediate and direct solution to the West Berlin problem, and the stressed caution which Chrushtchev displayed while in East Berlin. This caused a severe loss of political prestige for Ulbricht. Today the people of the Soviet Zone of Germany desire to see even less of the SED system of government and way of life. The people are waiting and hoping, and they will continue to wait in the hope that the Western world will take the initiative and liberate them. The growing amount of insecurity felt by the SED leadership was displayed by the recent hasty, and not well planned District Delegation Conferences which were hurriedly called in all districts. Further evidence of this insecurity was the recalling of many medium functionaries for these conferences and the rather hectic, immaterial, continual abuse which the delegates were subjected to at the conferences from the conference speakers.

## b. The Refugee flow to the Federal Republic:


In spite of the rising number of refugees fleeing the Soviet Zone for the Federal Republic, one can not say that there is at present a general movement underway for any and all types to flee the Zone. What is presently significant however, is the fact that the refugee stream now consists mainly of farming people and tradesmen. When these people flee the Zone no replacement is provided to fill their position or take over their job. In the next few months it is expected that there will be more and more refugees fleeing the Zone. This will be especially distasteful and embarrassing to the SED as the people expected to form a large part of this swelling refugee group will be young people just leaving school (high school level), teachers, scientists, doctors, etc. Hardly more than 10% of the young people leaving school at the high school level will be permitted to commence university studies this year. Approximately 80% of the male high school level graduates must obligate themselves to the National Peoples Army. It is believed that many of these young men will flee the zone.

## c. The supply situation in the Soviet Zone of Germany:

In general it may be said that the supply situation in the Soviet Zone is comparable to the year 1949. There is hardly enough meat, too little milk and butter, and almost no fats. Even now in the summer there are no bathing wraps available. There is an extreme shortage of bathing suits and the supply of summer clothing is far from adequate. As a result of the growing number of persons fleeing the Soviet Zone more and more pressure is being put on married women, who are not working out, to force them into taking an outside job. Pressure is also being applied to Pensioners in an attempt to fit them into the production picture by accepting a job.

# INFORMATION REPORT

OPNAV FORM 5000-2 (C) (REV. 8-55)

CLASSIFICATION	FROM	REPORT NO.	DATE
	CINCUSNAVEUR REP BERLIN	B-70-S-60	20 June 1960

At the present time it appears that this effort to find new workers amongst married women and pensioners has met with little success.

The supply situation in the Soviet Zone is expected to become increasingly critical in the coming weeks. It is believed that the plan (goal) for this years harvest will not be obtained, or if it is attained it will have been accomplished only through the use of severe restrictions and various curtailments. The Soviet Zone can no longer depend upon receiving the normal amount of supplies from other East Bloc countries as the East German balance of trade with these countries is becoming more and more unfavorable to East Germany. For this reason the shortage of raw materials in the Soviet Zone of Germany will become more and more acute. On both the political and economic fronts the situation in the Soviet Zone is now very critical. It can be expected that there will be a rapid deterioration of the situation in the future.



# INFORMATION REPORT

OPNAV FORM 3820-2 (C) (REV. 6-58)

CLASSIFICATION	FROM	REPORT NO.	DATE
[REDACTED]	CINCUSNAVEUR REP BERLIN	B-7C-S-60	20 June 1960

Source of Information: Basic information was obtained from an East German official through Source previously reported by CINCNELM REP BERLIN'S letter Serial B-0005 dated 21 September 1959.

## Preparing Officer's Comment:

1. Chrushtchev seems to have established a pattern of undermining Ulbricht's power and prestige in East Germany. Confronted with the refugee problem, the serious economic situation and the loss of political prestige, Ulbricht will almost certainly have to take drastic steps to set his own house in order. The mood of the people being what it is if Ulbricht attempts anything too drastic he may be in serious trouble.
2. This report is not evaluated as it was received from an East German official thru a confidential source.

Prepared and forwarded:

*RH Spindler*  
 R. H. SPINDLER  
 LCDR USN

[REDACTED]

PARTIAL TRANSCRIPTION - ORIGINAL FOLLOWS

Op-922N3C Comment: 15 July 1960 \* SECRET - This is an interesting and useful background report on the impact of the Summit collapse in the Soviet Zone. Other reporting received also indicates Ulbricht has quite [sic] a morale problem on his hands so far as the SED is concerned. With the necessity of bowing to Moscow's wishes on the one hand and of dealing with his own internal problems on the other, Ulbricht's position does appear to border on the impossible. SECRET

A. J. ZULIEVE

## EVALUATION SHEET

FORM 100-10-1 (Rev. 1-60)

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2. OF ROUTINE VALUE	3. OF SLIGHT VALUE
4. OF NO VALUE. See Remarks	5. NEW INFORMATION. VALUE UNDETERMINED
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2. CONFIRMED BY OTHER SOURCES
3. PROBABLY TRUE
4. POSSIBLY TRUE
5. TRUTH DOUBTFUL
6. IMPROBABLE REPORT
7. RELIABILITY CANNOT BE JUDGED

REPORT NO.	B-70-S-60
DATE OF REPORT	20 Jan 60

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